

Workforce News



A quarterly publication of the Department of Workforce Services: issued September 2009

Mountainland: Summit, Utah, Wasatch

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Elevated Claims

The current recession began in the U.S. after seasonally adjusted nonfarm payroll employment peaked in December 2007. At that time, there were 138.2 million nonfarm jobs. There have been job losses every month since then, totaling 6.5 million by June 2009. It is important to note that seasonally adjusted nonfarm jobs in Utah also peaked in December 2007, as measured by the Bureau of Labor Statistics, and have fallen in 14 of 18 months, with 9 consecutive months of losses to June 2009.

Inside:

- **Summit:** In the first quarter of 2009, job cuts weighed down the economy.
- **Utah:** After September 2008, it seems as if someone just turned on a switch, with initial unemployment claims zooming upward.
- **Wasatch:** In June 2009, unemployment was 6.3 percent compared with 3.3 percent in June 2008.

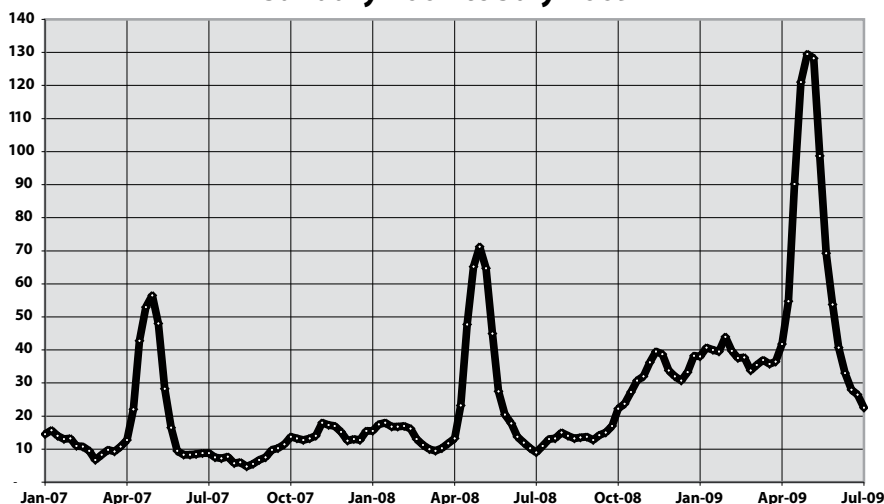


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Job counts, losses or gains provide an excellent barometer of what is happening to the labor market and the economy of any area. There is a prob-

Four-week Moving Average Summit County Initial Unemployment Insurance Claims January 2007 to July 2009



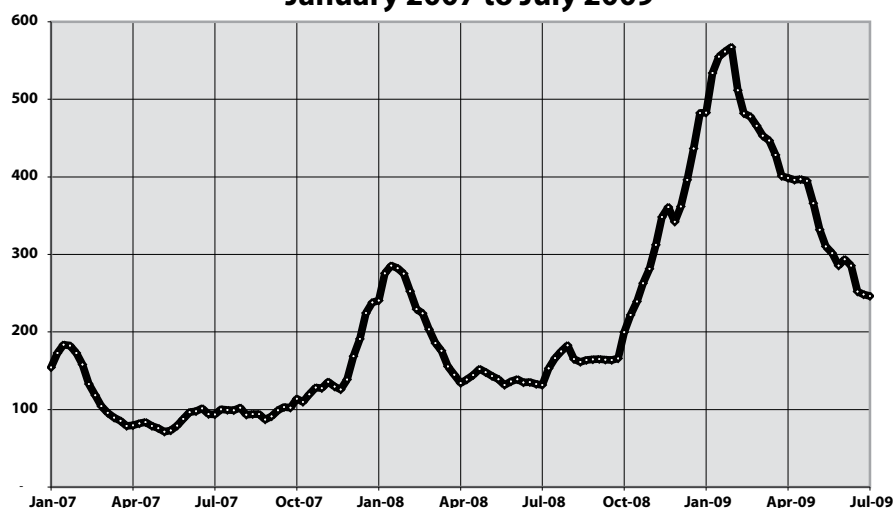
Source: Utah Department of Workforce Services.

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Elevated Claims (continued)

Four-week Moving Average Utah County Initial Unemployment Insurance Claims January 2007 to July 2009



Source: Utah Department of Workforce Services.

lem, however, with the timeliness of that information. If we want to measure the economic health of a county in Utah there is a lag of four to five months after the end of each quarter before we have reliable nonfarm payroll job counts, because employers are asked to report their employment levels four times each year, one month after the end of each quarter. Workforce Services receives 60,000-plus employer reports that are classified, edited, and entered into the unemployment insurance system. After which, this information is relatively complete, reliable, and ready to use.

If employment is falling in January 2008 in Tooele County, it becomes reliably evident with job counts that aren't available until July 2008, four months after March—the end of the first quarter.

In a recessionary period, there is one labor market measure that provides almost concurrent information, indicating within a few weeks whether significant employment losses are occurring—weekly initial unemployment insurance claims. This is a count of the number of people who make a new claim for

unemployment benefits during a given week. This count is available as rapidly as the very next week and can be compared and contrasted with previous counts to indicate whether job losses are occurring and the economy is in a recessionary period.

It is important to note that even in the best of economic times there are seasonal layoffs and businesses that are reducing employment or even closing. So any economy will have a base level of new unemployment claims. Also, we know that any given week's claims can be quite volatile depending on factors such as when there is a holiday, seasonal layoffs, weather patterns, and natural disasters. Experience has shown that by using a four-week moving average, analysts can better interpret labor market trends that are evident from initial unemployment claims data.

What have the new claims for unemployment benefits told us about the recession in the Mountainland Region? Are jobs losses still occurring?

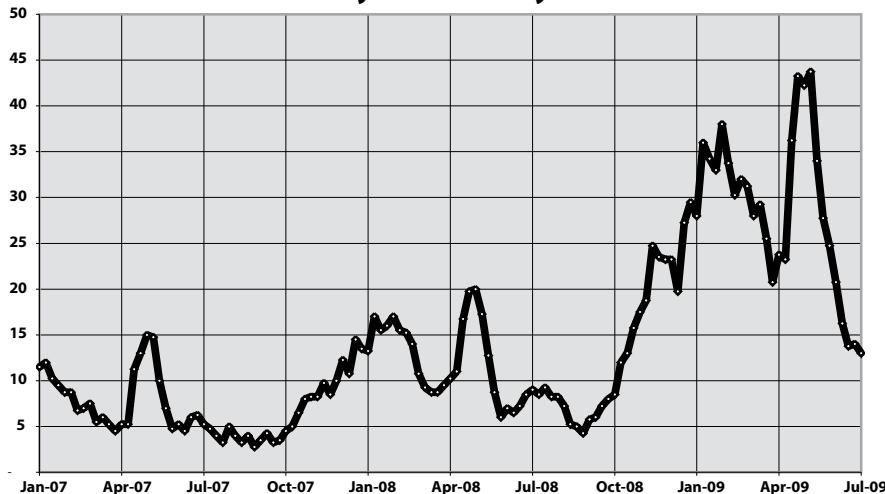
Utah County

The four-week moving average of initial unemployment claims

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Elevated Claims (continued)

**Four-week Moving Average Wasatch County
Initial Unemployment Insurance Claims
January 2007 to July 2009**



Source: Utah Department of Workforce Services.

began to show significant increases in October of 2007, two months before the national and state employment peaked. Over the next 11 months, while the housing bubble burst, employment losses were evident in construction and in other housing related industries and new claims were well above year-ago levels. (See chart)

In August and September of 2008, the U.S. and world financial markets began to cease. Looking at Utah County claims from the last week in September 2008, it seems as if someone just turned on a

switch, with initial unemployment claims zooming upward from about 164 per week to a record peak of 567 by the end of January 2009. They have since fallen back to about 248 by the beginning of July 2009, or about 86 percent above the level of a year earlier and still flashing the signal of a labor market that is shedding jobs. Of course, we know that since October of 2008, job losses in Utah County have been wide spread in most major industries.

Summit County

The four-week moving average of

new claims while higher the first nine months of 2008, did not show worrisome increases until the financial crises began, with initial claims moving up to a new level beginning in October 2008. By the first week in July 2009, claims had fallen back to 23, which is still more than double the 10 recorded the previous year in July.

Wasatch County

Again, new claims were higher during each month in 2008 compared to 2007, but large increases again were manifest beginning in October 2008 with the highest level of 44 being reached in the second week of May 2009. By the first week in July 2009, the four-week moving average had settled down to 13 compared to 9 for that same week in 2008.

Fortunately, initial claims are trending down from their record levels seen earlier this year in the Mountainland counties of Utah, Summit, and Wasatch, yet their current levels indicate that we aren't out the woods yet with this recession. **WFN**

County News

Utah County:

The labor market deteriorated significantly during the first quarter of 2009, with year-over job losses increasing in Utah County and economic conditions continuing their downward slide. Year-over employment declined by 4.5 percent in March 2009 with a loss of 8,378.

In March 2009, the largest job losses over the previous 12 months occurred in construction, which shed 4,373 jobs, or a decrease of about 29.2 percent compared to 2008. Other industries with a significant number of lost jobs were manufacturing (-2,408) and trade, transportation, and utilities (-1,139), and professional and business services (-1,092). Industries that added a significant number of jobs from March 2008 to March 2009 were local government (+627), healthcare (+422), and private education (+228).

In June 2009, the seasonally adjusted unemployment rate had increased to 5.2 percent compared to 3.1 percent a year earlier. There were 11,390 residents of Utah County unemployed in June 2009, compared to 7,093 in June 2008.

Summit County:

In the first quarter of 2009, job cuts weighed down the Summit County economy. By March, year-over nonfarm payroll employment had fallen by 8 percent or 2,078 fewer jobs than in March 2008.

Employment losses were spread throughout most major industrial sectors. From March 2008 to March 2009 the largest employment declines occurred in

leisure and hospitality (-815), trade, transportation, and utilities (530 jobs), construction (-528 jobs), and finance (-258).

The seasonally adjusted unemployment rate continues to increase. The number of unemployed in Summit County increased from 710 in June of 2008 to 1,336 in June 2009. This translates into the unemployment rate reaching 6 percent in June 2009 compared to 3.2 percent a year ago.

Wasatch County:

In June 2009, the unemployment rate was 6.3 percent, increasing from 3.3 percent in June 2008. There were 670 residents of Wasatch County unemployed in June 2009, compared to 344 a year earlier.

The recession has resulted in major job losses in three industries from March 2008 to March 2009—construction is down by 351 jobs or 33.2 percent, retail trade has lost 118 jobs declining by 14.6 percent and accommodations and food services fell by 139 jobs, a reduction of 11.7 percent. All told, Summit County employment was 8.9 percent lower in March 2009 than in March 2008, with net job losses of 577.

WEN

For more info:

For more employment information about your county go to: <http://jobs.utah.gov/countyinfo>

Select your county, then go to Labor Market Indicators in the right-hand margin.

What's Up?

"Eagle Mountain has taken ownership of the failing Ranches golf course. City Council members voted 3-2 to accept the golf course as a donation. Minutes before that vote, council members took the unusual step of approving by vote an agreement with a company called Vanguard to run the golf course. This was necessary because the city had no interest in accepting the golf course unless there was a professional management company to run it, said Mayor Heather Jackson. The city has been in quiet negotiations for ten months with Ames Construction, which owns the course. In addition to all the golf-course property, which includes a restaurant, Ames also donated \$650,000 to the city, as well as a cell phone and wireless Internet tower."

—*The Daily Herald*

"FrontRunner commuter rail is coming to Utah County as soon as 2013, and in Orem, work has already begun on a train station and intermodal transportation hub just west of Utah Valley University's campus. The site that will provide connections from FrontRunner trains to the future Provo-Orem bus rapid transit system and regular UTA buses."

—*The Daily Herald*

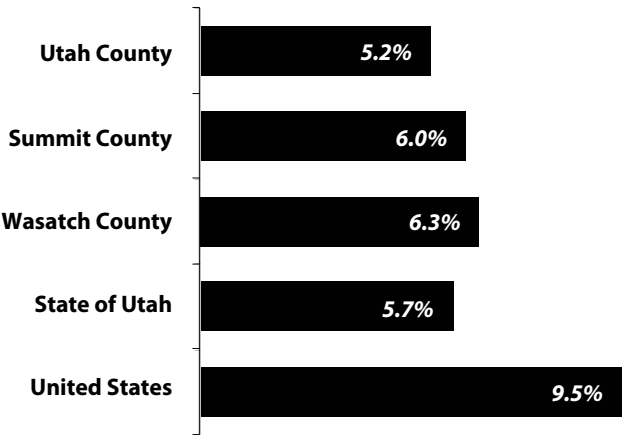
"Microsoft is opening a software development office at Thanksgiving Park, an office park near Thanksgiving Point in Lehi, company officials announced. The Redmond, Wash.-based company, which is bringing up to 100 high-paying jobs to Utah, is scheduled to move this August into a 24,000-square-foot space in the business park."

—*The Daily Herald*

"The recession's impacts were not reflected in the performance of the **Sundance Film Festival**, which earlier this year generated \$92.1 million for the state's economy. Citing an economic analysis prepared by the University of Utah's Bureau of Economic and Business Research, the Sundance Institute said that the festival also created 2,000 jobs and contributed almost \$4 million to state and local government tax coffers. Although attendance was down by about 5,000 from 45,056 the year before, said Jill Miller, institute managing director, spending by nonresidents rose 9 percent, to \$62 million (from \$60.7 million in 2008). Utahns spent \$4.2 million."

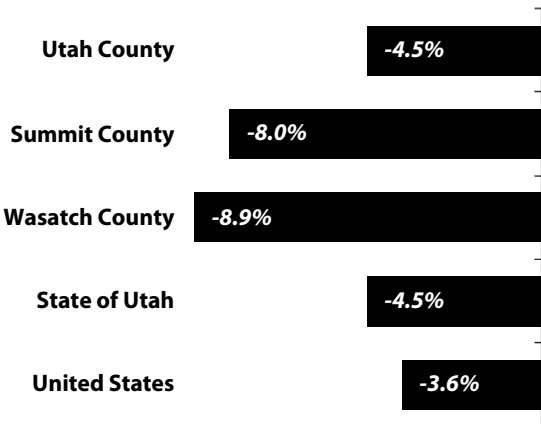
—*Salt Lake Tribune*

Seasonally Adjusted Unemployment Rates
June 2009



Source: Utah Dept. of Workforce Services; U.S. Bureau of Labor Statistics.

Percent Change in Nonfarm Jobs
March 2008 to March 2009



Source: Utah Dept. of Workforce Services; U.S. Bureau of Labor Statistics.

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